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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 005138

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E.O. 12958: DECL: 12/04/2017

TAGS: PREL PGOV PK

SUBJECT: AMBASSADOR'S MEETING WITH NAWAZ SHARIF

Classified By: Anne W. Patterson, for reasons 1.4 (b)(d)

- ¶1. (C) Summary. During a one and a half hour meeting December 3 with Pakistan Muslim League-N party leader Nawaz Sharif and his brother Shahbaz, Ambassador outlined USG support for free and fair elections with the participation of all parties. Nawaz indicated that he would boycott the elections but reserved a final decision until after consultations later that day with Pakistan People's Party leader Benazir Bhutto. He wanted to convince Bhutto to boycott and then form a national unity government where they would alternatively share power. He maintained his public line about restoring the judiciary as the key to Pakistan's future. Nawaz had been "disappointed" and "hurt" that President Bush did not know him, according to advisors who went to great pains to defend Nawaz's pro-U.S., "anti-mullah" history. PML-N wants good relations with the U.S., but believes America should support a more balanced policy towards the political parties. End Summary.
- 12. (C) Ambassador and Poloff met for an hour and a half December 3 with former Prime Minister and leader of the Pakistan Muslim League-Nawaz (PML-N) in his newly refurbished Lahore estate. Also in the meeting were Nawaz's brother Shahbaz Sharif, former Petroleum Minister Chaudhry Nisar Ali Khan and former Finance Minister Muhammed Ishaq Dar. Nawaz spent a good deal of the meeting reliving past history, beginning with how Musharraf had not allowed him to return from exile to attend his father's funeral. The meeting was more cordial that we expected, given PML-N's public posturing about being independent from the U.S. Overall, Nawaz was calm, even placid, especially in comparison with his more agitated and eloquent brother, Shahbaz. Nawaz allowed Shahbaz and the former ministers to take the harder line and provide much of the detailed arguments in favor of his positions. After the meeting, Nawaz went out of his way to avoid discussing with the press any differences with the USG position on the proposed boycott.
- 13. (C) As the Election Commission had just rejected his nomination papers, Shahbaz launched into a detailed defense of the charges (absconding, loan default and murder) against him. The charges were either baseless or resolved, he insisted, and he would not appeal the decision because it meant recognizing illegal courts.
- 14. (C) Ambassador asked if Nawaz was determined to boycott the elections. Nawaz responded that Musharraf's voter strength rested on former Nawaz supporters and today

Musharraf would be lucky to win one-fifth of the National Assembly if elections were free and fair. But, he asked, how can we participate if our papers are rejected and Musharraf has hand-picked the courts and the Election Commission? There was no consultation with other parties on naming the now biased caretaker government, lawyers like Aitzaz Ahsan were still in detention, and the press was being restricted. We don't see a level playing field anywhere, he insisted. Pervaiz Elahi (former Chief Minister of Punjab) is calling he shots behind the scene. The Election Commission transferred judges just before the deadline and controls the vote counting.

- ¶5. (C) Ambassador detailed USG plans to support election observer missions staffed by the International Republican Institute, The Asia Foundation and the Mission and said we were encouraging the European Union to go forward with its observer mission as well. We were not naive about the history of electoral manipulation in Pakistan, but we hoped that the presence of observers would help discourage fraud. Nawaz responded that the (intelligence) agencies controlled everything; Musharraf needed a two-thirds majority in the next Assembly to avoid treason charges, and the agencies would get it for him.
- 16. (C) Nawaz said he would sit down with Pakistan People's Party leader Benazir Bhutto later in the day and hoped to convince her to join the boycott. He would suggest that he and Bhutto agree to a national unity government under which they would trade off being prime minister. Asked how he arrived at a national unity government without participating in elections, Nawaz said his party would go to the streets with the support of the lawyers and civil society.

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- ¶7. (C) Nawaz appealed to the U.S., UK, and European Union to press Musharraf to reinstate the judiciary. Asked to clarify what that meant, Nawaz said everything should be rolled back to November 2 (i.e., before the state of emergency and the Provisional Constitutional Order). Ambassador said this was just too difficult, given Musharraf's position on the former Chief Justice. The USG had called for all detainees, including the judges to be released, and we wanted to see the judiciary begin functioning normally again. Was there a way to restore some of the judges? Nawaz asked if President Bush or the leader of any civilized country could simply fire the Supreme Court and get away with it.
- 18. (C) Nawaz continued on this theme, saying that a corrupt judiciary has been a problem in Pakistan for the last 60 years; Justice Chaudhry for the first time reversed the "doctrine of necessity." If the people abandoned the judges who stood up for an independent judiciary, where was Pakistan's future? Musharraf, he said, should have waited for the ruling on his case and simply accepted his fate, one way or another. If he had lost, there would have been free and fair elections and the country would have been able to move on. General Kayani (the new Chief of Army Staff) was a good man (formerly Nawaz's deputy military secretary) and would have ensured an orderly transition.
- 19. (C) Ambassador stressed again that the USG believed the way forward was through the electoral process. The USG had an enormous counter-terrorism stake in Pakistan. Our goal was political stability and democratization. We know that elections will not take place under ideal conditions, but we need to move ahead. Nawaz asked "our papers have been rejected, so how do we participate?"

## Pro-U.S./Anti-Mullah

110. (C) Nawaz allowed his former ministers to make a long and detailed case defending Nawaz's pro-American and

anti-militant stance. Ali Khan and Dar both said that they had been "disappointed" and "hurt" to read that President Bush did not know Nawaz and felt the U.S. was unfairly supporting Bhutto and Musharraf. They recounted Nawaz's meetings with former President Clinton, who had praised Nawaz for pulling back from the nuclear brink after the Kargil debacle. They said the religious parties had never won more than 11% of the vote in Pakistan, and that was only when Musharraf was in power. Nawaz put forces in the street to oppose the mullahs supporting Saddam at a time when Bhutto ignored them. Nawaz was the first to privatize the national bank, the first to lay the groundwork for reconciliation with India, the first to fight the Taliban.

- 111. (C) Musharraf, they claimed, only supported the U.S. after 9/11 out of necessity, and he always asks for something in return. Musharraf has wrecked Pakistan's institutions, and the U.S. should carefully re-think its policies. To win the fight against extremists, you must win hearts and minds and Musharraf is too unpopular for that. PML-N wants good relations with the U.S. and considers America a good ally, but its policy needs to be better balanced.
- 112. (C) Ambassador replied that the USG recognizes that the PML-N is a secular party, and when President Bush said he didn't know Nawaz, that was the truth as they have no history together. She promised to convey Nawaz's messages to Washington. The U.S. is neutral on the elections and we will work with whomever the Pakistani people elect. Our primary focus was the deteriorating security situation in the tribal areas and now in the settled areas. We were concerned that we were not winning this war, and we needed to work together with Pakistan to defeat militant extremism. The best way to do that was with a government chosen through free and fair elections.
- 113. (C) Selective history and idealism aside, our sources continue to believe that Nawaz will not boycott the election because most of his party wants a chance to return to power. The government's decision to reject the nomination papers of Shahbaz (and subsequently Nawaz) will not help convince PML-N

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to participate. Nawaz does not appear to have thought through the option of taking a boycott to the streets. His party was not able to deliver mass demonstrations when he was deported September 10, and his party structure after eight years in exile is weak. His subtle message was that he was counting on the Army to step and remove Musharraf after street demonstrations. We are concerned that this option would introduce violence and uncertainty that, again, would distract from our primary mission of fighting extremism. But we have little leverage over Nawaz and should concentrate our efforts in reinforcing what appears to be Bhutto's decision to participate in elections. If she goes forward, we still believe that Nawaz will—however reluctantly—follow suit.

**PATTERSON**